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| About this Lesson |
| In this lesson, students will investigate the various types of credit cards available and explore the pros and cons of buying on credit. |

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| **Grade Level** | **Course(s)/subject(s)** | **Learning Goal(s)** | **Suggested**  **Timing** |
| 10–12 | BBI1O/2O – Introduction to Business  HIP4O – Personal Life Management  CIE3M – The Individual and the Economy | At the end of this lesson, students will:   * describe the purpose of credit * analyze the role and importance of credit in personal finance | 75 minutes |

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| Curriculum Links |
| Business Studies, grades 9 and 10 (2006)  Introduction to Business (BBI1O/BBI2O)  Finance   * analyze the role and importance of credit in personal and business finance * explain the advantages and disadvantages of both consumer credit and business credit * describe the process of establishing a credit rating and applying for and obtaining credit * calculate the total cost of a variety of loans (e.g., balance carried on credit cards, car loan, mortgage). * demonstrate financial-planning skills and produce a business or personal financial plan   Social Sciences and Humanities, grades 9 to 12 (2013)  Personal Life Management (HIP4O)  Daily living skills  C2.2 Demonstrate the use of effective money management strategies.  C2.5 Explain the advantages and disadvantages of buying on credit.  Fundamentals of Economics  B4. Financial Planning: Demonstrate an understanding of key considerations related to personal financial planning, and use economic data to analyze the costs and benefits of personal financial decisions. |

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| Curriculum Links (cont’d.) |
| Fundamentals of Economics  B4. Financial Planning: Demonstrate an understanding of key considerations related to personal financial planning, and use economic data to analyze the costs and benefits of personal financial decisions. |

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| Inquiry Questions |
| Why are credit cards often called a double-edged financial tool?  LightbulbBig Idea: When you use your credit card you are borrowing money, so only borrow (or charge) what you can afford to pay back. |

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| Materials List |
| * Credit cards: Blessing or Curse? (Appendix A) * Three examples of credit card offers (found online, received in person or via mail) * Credit Card Case Study (Appendix B) * Shopping for a Credit Card – Worksheet (Appendix C) |

| **Timing**  (Mins.) | **Lesson Sequence** | **Assessment for and as Learning Opportunities** (self/peer/teacher) |
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| MINDS ON | | |
|  | Teacher Prompt:  Canadians are carrying a large amount of debt according to Stats Canada (<http://www.statcan.gc.ca/daily-quotidien/170315/dq170315a-eng.htm>). The average household owes more than $1.67 in debt for every dollar in after-tax income. (This rate has been increasing each year.)   * What does this mean? *(we owe more than we make)* * What types of debt are they talking about? *(credit cards, owing, loans (personal, student), lines of credit, mortgages)*   A lot of this is consumer debt including credit card debt. Credit cards used properly can contribute towards your financial score and provide you with things now, but used incorrectly can lead to crushing debt, stress and poor credit rating. | Assessment FOR Learning: Discussion |

| **Timing**  (Mins.) | | **Lesson Sequence** | | **Assessment for and as Learning Opportunities** (self/peer/teacher) |
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| MINDS ON (cont’d.) | | | | |
| 15 minutes | | **Whole Class: video *Managing Credit Cards with David Chilton and Rob Carrick***  <https://www.getsmarteraboutmoney.ca/videos/managing-credit-cards-with-david-chilton-and-rob-carrick/>  OR  **Whole Class: video *Understanding Credit***  <https://www.canada.ca/en/financial-consumer-agency/services/financial-basics/financial-basics-videos/financial-basics-video-credit.html> | | Assessment FOR Learning: Discussion |
|  | | Context for Learning  Use the scenario below (or similar story) to provide a context for learning  Adam applied for two credit cards because he would get a free t-shirt and a free bag just for signing up. Both cards provide some rewards – one for travel points and one for cash back. Adam really wants to travel, so he thinks he’ll mainly use the travel credit card. Is the travel card the better option for Adam? | |  |
| ACTION | | | | |
|  | Teacher Prompt  Ask students if they/parents/siblings have ever received credit card offers in the mail. Tell them if they haven’t yet, they may be getting them soon. That’s why it’s important to be able to understand all the rules about credit cards. The offers typically come with a lot of papers written in very small print – and many times people don’t bother reading the fine print. That often means that they end up getting stuck with fees and charges that will surprise them. Tell the students that for today’s activity, they are going to learn how to detect all the fees and rules in different credit card offers. | | Assessment FOR Learning: Discussion, Observation | |

| **Timing**  (Mins.) | | **Lesson Sequence** | | **Assessment for and as Learning Opportunities** (self/peer/teacher) |
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| ACTION (cont’d.) | | | | |
| 15 minutes | Think-Pair-Share: class discussion   * list the pros and cons of using credit cards   Small group: discussion   * each group to take the list and prepare a discussion on chart paper * look for common items   *(****Teacher note****: discussion should be balanced – see Appendix A)* | |  | |
| 15 minutes | Class discussion: case   * Distribute Appendix B * Remind students that a credit card is a tool. Like any tool it can make your life easier if you know how to use it. In addition to convenience and ease of access to credit, there are other factors that may influence what type of credit card someone may apply for:   + annual fee   + reward/loyalty program   + extended warranty/purchase protection   + travel/car insurance   + foreign currency transaction fee | |  | |
| 20 minutes | Jigsaw: group work   * Divide students into groups of three, distribute Worksheet – Shopping For A Credit Card (Appendix C) * Hand out copies of the credit card offers – one per group * Each group completes their sheets * Assemble three groups based on the credit card offer given to check their work (expert group) * From the expert group, create new groups so that at least one expert from each credit card offer is in the group – distribute all copies of credit card offer * Discuss findings in class | |  | |

| **Timing**  (Mins.) | | **Lesson Sequence** | | **Assessment for and as Learning Opportunities** (self/peer/teacher) |
| --- | --- | --- | --- | --- |
| ACTION (cont’d.) | | | | |
|  | * Discuss which factors not discussed may influence what card you may wish to get:   + buying habits   + purpose of cards   + member benefits   + rate   (This is only a partial list.)  OR  Individual: computer application  Using the Credit Card Selector tool on the Financial Consumer Agency of Canada’s website, students will complete Appendix C.  <http://itools-ioutils.fcac-acfc.gc.ca/STCV-OSVC/ccst-oscc-eng.aspx> | |  | |
| 5 minutes | Whole Class: Protecting against fraud  Watch and discuss this video.  <https://canada-prod.adobecqms.net/en/financial-consumer-agency/services/financial-toolkit/credit/credit-3/13.html>   * Create a list of how to prevent fraud | |  | |
| CONSOLIDATION/DEBRIEF | | | | | |
| 5 minutes | | Review the concepts of credit, credit cards and their use (pros and cons).  Direct students to the online quiz, Credit IQ. <https://www.inspirefinanciallearning.ca/index.php/tools-videos/interactive-tools/credit-iq-quiz/>   * Play the quiz. * Discuss any misconceptions brought about by the quiz.   Exit Card  If you were to share a key insight from today’s lesson with a friend, what would you say? Write or illustrate what you’d share. | |  | |

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| Credit Cards: Blessing or Curse? |
| **The upside:**   * Credit cards offer protection against theft of your cash. * You can buy items and services you need when you need them, even if you don’t have enough cash for them. * Some cards allow for extra warranty, cash back or other features. * Credit cards can be lifesavers, and your parents may want you to carry a credit card to pay for gas, repairs, emergency phone calls, etc. * Managing your credit cards well will help you build a solid credit history for the future. * If you can use credit responsibly, you’ll end up a smarter money manager.   **The downside**:   * It’s easy to use credit to buy things that you may not normally buy if you have to use cash. * When you carry a credit card, it’s tempting to buy on impulse and forget you’re actually spending money, or that you’re spending future income that you don’t have (and may never have!). * If you only pay the minimum balance each month, it will take years to pay off the balance,  and accumulating interest on that balance can make what you bought cost much, much more in the long-run. * If you fall behind on paying your credit card bills, it can damage your credit rating and make it harder for you to get loans in the future. |

**APPENDIX A**

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| Credit Card Case Study |
| Brittany already has a credit card and is wondering if she should switch to a low-rate card.  She regularly carries a balance. She compares two credit cards:   * A regular card with an interest rate of 20% and no annual fee; and * A low-rate card with an interest rate of 12% and an annual fee of $50.   She compares the total costs of the cards, including annual fees and interest, for two different outstanding balances for a year: $500 and $1,000.  Assumptions:  • The outstanding balance stays the same for the whole year.  • All transaction types have the same interest rate.   |  |  |  |  | | --- | --- | --- | --- | | Regular Rate 20% | | | | | Balance Owing | Interest | Annual fee | Annual Cost (not including payment of balance) | | $500 |  |  |  | | $1,000 |  |  |  | | Low Rate 12% | | | | | Balance Owing | Interest | Annual fee | Annual Cost (not including payment of balance) | | $500 |  |  |  | | $1,000 |  |  |  | |

**APPENDIX B**

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| Shopping for a Credit Card – Worksheet |
| Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Class/Period: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Directions:  Find and evaluate three credit card offers. Fill in the appropriate space on the chart below and summarize your findings (similarities, differences, best offer – why). Not every offer will include all the information on this list.  List your sources.   |  |  |  |  | | --- | --- | --- | --- | | Card Cost or features | Card A | Card B | Card C | | Card Name |  |  |  | | Issuer |  |  |  | | Brand |  |  |  | | APR |  |  |  | | Introductory APR |  |  |  | | Duration of introductory APR |  |  |  | | Reward type |  |  |  | | Annual fee |  |  |  | | Number of days in grace period |  |  |  | | Late payment fee |  |  |  | | Over-the-credit-limit fee |  |  |  | | Minimum finance charge |  |  |  | | Cash advance fee |  |  |  | | Cash advance APR |  |  |  | | Balance transfer fee |  |  |  | | Balance transfer APR |  |  |  | | Currency exchange fee |  |  |  | | Billing method |  |  |  | | Credit line or limit |  |  |  | |

**APPENDIX C**